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ON PAGE A-1

CIA Bypassed in Iran Arms Supply

White House Sought to Avoid Disclosure to Congress

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In setting up a secret program linking release of American hostages in Lebanon to clandestine arms shipments to Iran, senior White House officials in early 1985 bypassed the Central Intelligence Agency to avoid the mandatory disclosure of such covert operations to Congress, according to informed sources.

After top State Department and Pentagon officials objected earlier this year to continuing the program, President Reagan ordered even tighter secrecy by virtually excluding those two departments from information about the White House-run operation, sources said.

At a White House meeting last January, Reagan listened to arguments against the covert program, which had already led to the September 1985 release of the Rev. Benjamin Weir, from Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger, sources said.

Shultz and Weinberger said the program contradicted the administration's well-publicized policy of not negotiating with terrorists and of isolating Iran as a supporter of terrorism, sources said. The two also argued that the Iranians could not be trusted to keep such a potentially explosive operation secret very long.

Support for the program came from CIA Director William J. Casey; Robert C. McFarlane, who had retired the previous month as the president's national security adviser, and Vice Adm. John M. Poindexter, McFarlane's replacement. They argued that dealing with Tehran officials was the only way to free four other Americans held by the pro-Iranian Islamic Jihad terrorists.

But Reagan sided with Shultz and Weinberger and temporarily "closed down" the operation, sources said.

In succeeding months, however, pressure built up from hostage families who claimed the president was not doing enough to gain release of their imprisoned relatives and Reagan approved resumption of the program.

He ordered, however, that information about it be kept from top State Department officials and sharply limited in the Pentagon, the sources said. Shultz and Weinberger knew of the resumption, the sources added, but few of their senior deputies were in on the secret.

The program had been initiated in 1985 after U.S. officials decided that only Iranian authorities could bring pressure for release of Americans held by the pro-Iranian Islamic Jihad clans that were demanding release of terrorists jailed in Kuwait.

In discussions over who should run the program, White House officials warned that the CIA would have to tell the House and Senate intelligence committees about the operation. Such a disclosure was legally required by congressional reforms adopted in the 1970s after revelations of controversial CIA covert operations.

Some administration officials have been highly critical of what they claim is Congress' inability to keep a secret. The White House was convinced that a clandestine plan to authorize shipment of arms to Iran would certainly leak to the news media because of congressional concern that such an operation would be perceived by U.S. allies as a hypocritical contradiction of Washington's public demand for an embargo on arms to Tehran.

Consequently, sources said, the program was kept within the White House, with CIA director Casey in full accord.

Israeli officials, who had maintained secret contacts with Iranian military and political figures, offered to open a negotiating channel for Washington. McFarlane and an assistant on the national security council staff, Lt. Col. Oliver C.

North, began meeting with Iranian officials in European cities and eventually Tehran.

The U.S. officials said they would not interfere with specific Israeli military shipments to Iran if they led to release of American hostages. On Sept. 14, 1985, a mysterious cargo plane landed in Israel after flying out of Iran, according to news reports. That plane carried military equipment, according to a knowledgeable source.

That day, Weir was released. Reagan later called Israeli Prime Minister Shimon Peres to thank him for Israeli cooperation, sources said.

After shipments of military equipment resumed in mid-1986, an unmarked cargo plane was reported to have landed in Iran on July 4, according to members of the Iranian mujahideen opposition in the United States. On July 27, a second hostage, Rev. Lawrence M. Jenco, was released.

Former Iranian president Abolhassan Bani-Sadr, now living in Paris, said on the ABC program "Nightline" Wednesday, that additional plane loads of military equipment arrived in Iran in August and September. Last Sunday, hostage David P. Jacobsen was released in Beirut.

Sources familiar with the program said yesterday that some recent news accounts had exaggerated the amount of equipment that went to Iran under the White House program.

"There have been large arms shipments to Iran that were purchases from North Korea and China," one source said yesterday, "but they were not associated with this program." Instead, he said, the Iranians used the U.S.-Israeli channel to get "high priority" material that they could not get elsewhere.

High on that list, he said, were parts for F14 aircraft that Iran had possessed since its days as a staunch U.S. ally, including specialized engine parts, landing gears, radar, electronics and "some ordinance."

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2.

The shipments did not originate in the United States, sources said, but were put together from U.S.-made equipment in the hands of other countries. In some special instances, equipment in the United States was shipped to another country and then turned over to Israelis or other middlemen.

Increasingly vocal in their concern as more officials learned of the White House operation, State Department officials fretted that the plan threatened broader, long-term foreign policy objectives for the immediate gain of having one or more hostages released.

In August, the State Department's top counterterrorism expert, Robert M. Oakley, went on leave to go with the Carnegie Endowment for International Peace. His deputy, Parker Borg, left the State Department in September for health reasons to join the Center for Strategic and International Studies at Georgetown University.

Officials said the departures of two experienced counterterrorism experts has temporarily hampered efforts to deal with the issue.